

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 SCI-06 FPC-01 FEA-02 SSO-00 NSCE-00

USIE-00 INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 PRS-01 SP-03 OMB-01 SWF-02 /166 R

DRAFTED BY ARA/NC:FJDEVINE:NLF

APPROVED BY ARA:JBKUBISCH

ARA/NC/V - MCFORRESTER

ARA/ECP - GROlsen (DRAFT)

ARA/PAF - WSDIEDRICH (DRAFT)

EB/IFD - SWEINTRAUB (DRAFT)

ARA - HWSHLAUDEMAN

L/EB - MR. BOND (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

C O N F I D E N T I A L STATE 090161

E.O. 11652:GDS

TAGS: EMIN PGOV PFOR ENRG ELAB VE

SUBJECT:ECONOMIC NATIONALISM MEASURES ANNOUNCED BY
VENEZUELAN PRESIDENT

REF: A. CARACAS 3769 B. STATE A-10523

1. COMPLEX OF NATIONALIST AND POPULIST ECONOMIC MEASURES
ANNOUNCED BY PRESIDENT PEREZ IN MAY DAY MESSAGE OBVIOUSLY
INTRODUCES MAJOR NEW ASPECT INTO ECONOMIC RELATIONSHIP
BETWEEN OUR TWO COUNTRIES. DESPITE COMPREHENSIVE NATURE
OF PRESIDENTIAL PRONOUNCEMENTS THERE WAS VERY LITTLE
ADVANCE WARNING OF THEIR CHARACTER, MAGNITUDE OR IMPACT.

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2. CONFRONTED WITH THESE ALREADY PUBLIC STATEMENTS, USG MUST CAREFULLY DETERMINE ITS SUBSTANTIVE AND PUBLIC POSITION. FOR THIS PURPOSE, EMBASSY ANALYSIS OF ANNOUNCED MEASURES AND YOUR CONTINUING REPORTING OF OFFICIAL AND PUBLIC ATTITUDES WILL BE APPRECIATED.

3. PENDING FULLER UNDERSTANDING OF NET IMPORT OF ANNOUNCED MEASURES AND GUIDANCE FROM WASHINGTON, YOU SHOULD REFRAIN FROM PUBLIC COMMENT. IF QUERIED BY PRESS, EMBASSY SHOULD LIMIT REPLY TO STATEMENT THAT SITUATION BEING CAREFULLY STUDIED AND REPORTED TO DEPARTMENT.

4. "NATIONALIZATION" OF US-OWNED BUSINESS PROPERTIES AND ASSETS UNDER ANY GUISE OR FORMULA IS OBVIOUSLY MATTER OF CONCERN TO US. AT SAME TIME, WE DO NOT DENY RIGHT OF SOVEREIGN NATIONS TO NATIONALIZE, BUT INSIST UPON PROPER FULFILLMENT BY ALL PARTIES OF RELATED DUTIES AND OBLIGATIONS UNDER ESTABLISHED INTERNATIONAL LAW.

5. FOR TACTICAL REASONS, WE PREFER TO MINIMIZE PUBLIC COMMENT FOR THE MOMENT AND PLAN CALL INTO DEPARTMENT APPROPRIATE REPRESENTATIVE OF VENEZUELAN EMBASSY BEFORE END OF WEEK. THEREAFTER WE SHALL PROBABLY LOOK TO YOU FOR FOLLOW-UP APPROACH TO GOV IN ACCORDANCE WITH INSTRUCTIONS WHICH WILL BE PROVIDED BY DEPT.

6. FYI PURPOSE OF OUR APPROACHES WILL, IN GENERAL TERMS, BE TO DEMONSTRATE OUR INTEREST AND CONCERN OVER THESE DEVELOPMENTS, AVOID ANY SEEMING POSTURE OF INDIFFERENCE, ASSURE GOV OF OUR COMPREHENSION OF WHAT NEW PEREZ ADMINISTRATION MAY SEE AS ITS POLITICAL AND ECONOMIC IMPERATIVES, AND ESTABLISH FOR IMMEDIATE FUTURE A BASIS OF CONFIDENCE AND DIALOGUE WHICH WILL ENABLE US TO WORK MEANINGFULLY WITH GOV FOR OPTIMUM POSSIBLE TIMING AND IMPLEMENTATION OF ITS ANNOUNCED MEASURES FROM STAND-POINT OF US INTERESTS INVOLVED.

7. REF B PROVIDES FURTHER GUIDANCE ON HANDLING EXPROPRIATIONS AND INVESTMENT DISPUTES AND SHOULD BE CAREFULLY REVIEWED SINCE AT EARLY APPROPRIATE MOMENT
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WE SHALL WISH TO MAKE VERY CLEAR USG OFFICIAL POLICY ON PROBLEMS RAISED BY GOV ACTION. RUSH

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